

Decision **PROPOSED DECISION OF COMMISSIONER PETERMAN**
(Mailed 5/5/2016)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Consider
Alternative-Fueled Vehicle Programs,
Tariffs, and Policies.

Rulemaking 13-11-007
(Filed November 14, 2013)

**DECISION AUTHORIZING FURTHER EXTENSION OF THE INTERIM POLICY
REGARDING ELECTRIC TARIFF RULES 15 AND 16**

Summary

Today's decision extends the interim policy of treating the electric vehicle charging costs that exceed the allowances in the Electric Rules 15 and 16 of the three large electric utilities as common facility costs for another three years, to June 30, 2019.¹ In addition, the annual filing requirement of the Load Research Reports is extended by another three years.

1. Background

In Decision (D.) 11-07-029, the California Public Utilities Commission (Commission) addressed the issue of residential service facility upgrade costs as a result of home-based electric vehicle charging. In that decision, the Commission adopted the interim policy of allowing the plug-in electric vehicle (PEV) charging costs that exceed the allowances in the three large electric

¹ The three large electric utilities refer to Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE).

utilities' Rules 15 and 16, to be treated as common facility costs.² Such treatment shifts the costs which exceed the allowances to all residential ratepayers, instead of the single customer who triggered the upgrade costs. This treatment is referred to in D.13-06-014 as the Common Treatment for Excess PEV Charging Costs. D.11-07-029 set June 30, 2013 as the expiration date for this interim policy.

In D.13-06-014, the Commission extended this interim policy to June 30, 2016. Since the extension of this interim policy is set to expire on June 30, 2016, a decision is needed on whether a further extension of this policy is needed, or if this interim policy of the Common Treatment for Excess PEV charges should be ended.

The three large electric utilities have also been required to file their Load Research Reports in compliance with D.11-07-029 and D.13-06-014. As specified in section 4.2 of D.13-06-014, the filing of those reports is to expire at the end of December of 2016.

2. Discussion

The three large electric utilities filed their latest Load Research Report on December 24, 2015 (December 2015 Report). The December 2015 Report contains updated cost data about the upgrades to service lines and distribution system. Of the approximately 19,000 residential upgrades that were monitored by the three utilities, only 29 customers had upgrades that exceeded the residential allowance. These exceedances occurred in PG&E's service territory, and amounted to a total of \$152,750. This averages to about \$5267 for each exceedance that the Common Treatment for Excess PEV Charging Costs was

² Rule 15 covers distribution line extensions, while Rule 16 covers service line extensions.

applied to. When this total exceedance of \$152,750 is spread among all of PG&E's residential electric customers, the amount borne by each customer has a de minimis impact.

Before extending this interim policy in D.13-06-014, the Commission solicited comments on, and analyzed the need for, whether the Common Treatment for Excess PEV Charging Costs should be extended or not. In extending this interim policy, the Commission expressed several concerns about why the policy should be continued and stated the following at pages 12-13 of D.13-06-014:

[T]he Commission places great weight on the impact of the policy on individual PEV customer and the promotion of PEV adoption in general. While the load research studies suggests that line upgrade costs to date are small, we shared PG&E's concern regarding the impact of the imposition of upgrade costs on household PEV adoption behavior.

...the actual cost for a PEV customer requiring a line extension upgrade could be over \$10,000. [Footnote omitted.] The potential for high costs justify a temporary solution to prevent negative impacts on the growth of PEV adoption, consistent with the intention of Pub. Util. Code § 704.2(a) and our reasoning in D.11-07-029 when initially adopting Common Treatment for Excess PEV Charging Costs....

We also share ... concern regarding the arbitrary nature of these distribution costs. Absent the Common Treatment for Excess PEV Charging Costs, utilities cannot promise that PEV adopters will not face thousands of dollars in line upgrade costs after they purchase their vehicle. We find this to be a potentially high impediment to reaching the state's PEV adoption goals.

Further complicating the cost assignment issue is the fact that clustering may result in the entire cost of an upgrade being assigned to one PEV driver, despite the fact that several drivers contributed to the load growth that triggered the upgrade. Absent a solution that can reasonably assign upgrade costs among the contributors; we think it is premature to discontinue the common treatment of PEV Charging Costs in excess of the allowances permitted in Rules 15 and 16.

These same concerns still exist today. In addition, Pub. Util. Code § 740.12(a)(1)(H), as added by Senate Bill 350 (Statutes of 2015, Chapter 547, § 32), states in part that “Deploying electric vehicle charging infrastructure should facilitate increased sales of electric vehicles by making charging easily accessible and should provide the opportunity to access electricity as a fuel that is cleaner and less costly than gasoline or other fossil fuels in public and private locations.” If we discontinue the Common Treatment for Excess PEV Charging Costs in this decision, the additional costs that a utility customer could incur from exceeding the allowances in Rule 15 or Rule 16 would instead discourage the sales of PEVs, and would make the electricity more costly to a potential PEV customer. This would be contrary to Pub. Util. Code § 740.12(a)(1)(H).

For the reasons stated in D.13-06-014, and the concern expressed above, the interim policy of Common Treatment for Excess PEV Charging Costs, as set forth in D.13-06-014, should be extended for an additional three years, to June 30, 2019.

In addition, since D.13-06-014 stated that the filing of the Load Research Report would end in December 2016, the filing of such reports should also be extended by an additional three years, to December 2019.

3. Comments on Proposed Decision

The proposed decision of Commissioner Carla J. Peterman in this matter was mailed to the parties in accordance with Pub. Util. Code § 311, and comments were allowed pursuant to Rule 14.3. Opening comments were filed by the California Energy Storage Alliance (CESA) on May 25, 2016, and reply comments were filed by The Utility Reform Network (TURN) on May 31, 2016.

On May 25, 2016, Powertree Services, Inc. (Powertree) also submitted opening comments on the proposed decision, along with a motion for party status. At the time Powertree submitted its opening comments, Powertree's motion for party status had not yet been granted. Powertree's comments on the proposed decision are very similar to CESA's comments.

CESA and Powertree request that four revisions be made to the proposed decision.

The first revision that CESA and Powertree recommend is that they believe that the proposed decision's extension of the interim policy would only apply to an electric vehicle charging capability of 7 kilowatt (kW) or less. CESA and Powertree contend that such a limit is too low, and that it should be raised to at least 18 kW per port to stay abreast of plug-in electric vehicle trends, and to match the industry specification of SAE J1772, which allows up to 80 amps. TURN opposes raising the cap on residential charging to 18 kW. TURN contends that raising the port power level to 18 kW will result in significantly increased costs to non-participating ratepayers.

In D.11-07-029, the Commission stated that this interim policy of treating the electric vehicle charging costs that exceed the allowances in Electric Rules 15 and 16 should only apply to basic charging arrangements, and provided guidance that such charging arrangements, in most cases, “encompass Level 1 and 2 charging for at least one vehicle.” (D.11-07-029, at 59.) When the interim policy was extended in D.13-06-014, the Commission stated that “consistent with D.11-07-029, the Common Treatment for Excess PEV Charging Costs will continue to apply to Level 1 and Level 2 charging.” (D.13-06-014, at 14.) In accordance with the SAE J1772 standard, Level 2 charging includes Level 2 charging of up to 19.2 kW at 240 volts. Since Level 2 charging already covers what CESA and Powertree have requested, there is no need to revise today’s decision.

We also note that when the Commission adopted D.13-06-014, it eliminated the language in the proposed decision which had discussed that the interim policy would not be applicable to electric vehicle charging by the use of alternating current above 7 kW. The Commission stated in section 6 of D.13-06-014 that “Based on the comments and reply comments received, the proposed decision was changed to remove a limit on the Common Treatment for Excess PEV Charging Costs for vehicles charging at or below 7 kW.”

The second revision that CESA and Powertree recommend is that the “full cost of electric vehicle supply equipment [EVSE] installed in accordance with industry standard specification should be included in rules 15 and 16 allowances.” (CESA Opening Comments, at 3, Appendix A; Powertree Opening Comments, at 3, Appendix A.) TURN opposes this revision because EVSE may include equipment outside the scope of Rules 15 and 16, whereas Rules 15 and 16

are meant to address “residential service facility upgrade costs as a result of home-based electric vehicle charging.” (TURN Reply Comments, at 1.)

We agree with TURN that the second proposed revision of CESA and Powertree could broaden the type of costs that would be covered under this interim policy. This interim policy is confined to only the residential service facility upgrade costs as contemplated in Rules 15 and 16.

The third proposed revision of CESA and Powertree is for the Commission to explicitly state in this decision that the extension of the interim policy also applies to the costs of installation of EVSE at multi-tenant and multi-family residential properties. We decline to do so because such a statement could shift a greater magnitude of costs to all ratepayers if this interim policy is also applied to owners of multi-unit dwellings. The interim policy of treating facility upgrade costs for home-based electric vehicle charging as common facility costs applies only to a residential customer on a residential tariff. Extending this interim policy to owners of multi-unit dwellings could result in “a greater magnitude of costs being shifted to general ratepayers,” which as set forth in D.13-06-014, is an unintended result that the Commission has the discretion to protect against. (D.13-06-014, at 15, Conclusion of Law 2, at 22.)

The fourth proposed revision of CESA and Powertree is for the Commission to consider that the load of the EVSE and the load of the charging cycle of the energy storage system as integrated, instead of an additive load. We decline to adopt that proposed revision in this decision as no evidence has been solicited from the parties about this particular issue.

4. Assignment of Proceeding

Carla J. Peterman is the assigned Commissioner, and John S. Wong is the assigned Administrative Law Judge in this proceeding.

5. Findings of Fact

1. In D.13-06-014, the Commission extended the interim policy known as the Common Treatment for Excess PEV Charging to June 30, 2016.

2. In D.11-07-029, the Commission adopted the interim policy of allowing the PEV charging costs that exceed the allowances in the three large electric utilities' Rules 15 and 16, to be treated as common facility costs.

3. The three large electric utilities have been required to file their Load Research Reports in compliance with D.11-07-029 and D.13-06-014, and such reporting is scheduled to end in December 2016.

4. The December 2015 Report shows that of the approximately 19,000 residential upgrades that were monitored, only 29 customers in PG&E's service territory had upgrades that exceeded the residential allowance, and the total exceedance cost was \$152,750, which averages to about \$5267 per exceedance.

5. When this total exceedance of \$152,750 is spread among all of PG&E's residential electric customers, the amount borne by each customer has a de minimis impact.

6. In D.13-06-014, the Commission solicited comments on, and analyzed the need for, whether the Common Treatment for Excess PEV Charging Costs should be extended or not.

7. In extending the interim policy, the Commission in D.13-06-014 expressed several concerns about why the policy should be continued.

6. Conclusions of Law

1. The same concerns expressed in D.13-06-014 for extending the interim policy still exist today.

2. If we discontinue the Common Treatment for Excess PEV Charging Costs in this decision, the additional costs that a utility customer could incur from

exceeding the allowances in Rule 15 or Rule 16 would discourage the sales of PEVs, and would make the electricity more costly to a potential PEV customer, which is contrary to the intent of Pub. Util. Code § 740.12(a)(1)(H).

3. The interim policy of Common Treatment for Excess PEV Charging Costs, as set forth in D.13-06-014, should be extended for an additional three years, to June 30, 2019.

4. The filing of the Load Research Reports should be extended by an additional three years, to December 2019.

5. The four revisions proposed by CESA and Powertree are not adopted.

ORDER

IT IS ORDERED that:

1. Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) shall continue the interim policy adopted in Decision (D.) 11-07-029, and extended in D.13-06-014, to allow plug-in electric vehicle charging costs in excess of these three utilities' Electric Rules 15 and 16 allowances to be treated as common facility costs, until June 30, 2019.

2. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall continue to file on an annual basis the Load Research Reports ordered in D.11-07-029 and extended in D.13-06-014, through the end of December 2019.

3. Rulemaking 13-11-007 remains open.

This order is effective today.

Dated _____, at San Francisco, California.